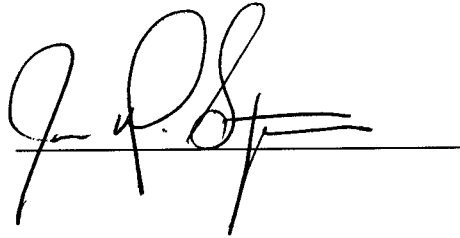


ALABAMA PUBLIC SERVICE COMMISSION

COUNTY OF Fulton
STATE OF Georgia

BEFORE ME, the undersigned authority, duly commissioned and qualified in and for the State and County aforesaid, personally came and appeared JAMES STEGEMAN, who being by me first duly sworn deposed and said that he/she is appearing as a witness on behalf of BellSouth Telecommunications, Inc. before the Alabama Public Service Commission in Docket No. 29054, IN RE: Implementation of the Federal Communications Commission's Triennial Review Order (Phase II - Local Switching for Mass Market Customers), and if present before the Commission and duly sworn, his/her statements would be set forth in the annexed Rebuttal testimony consisting of 4 pages and 1 exhibits.



SWORN TO AND SUBSCRIBED BEFORE ME
THIS 3rd DAY OF MARCH, 2004

 Notary Public

MICHEALE F. BIXLER
Notary Public, Douglas County, Georgia
My Commission Expires November 3, 2005

1 **REBUTTAL TESTIMONY OF MR. JAMES W. STEGEMAN**
2 **ON BEHALF OF BELL SOUTH TELECOMMUNICATIONS, INC.**
3 **BEFORE THE ALABAMA PUBLIC SERVICE COMMISSION**
4 **DOCKET NUMBER 29054, PHASE II**
5 **MARCH 5, 2004**

6
7
8 **Q. PLEASE STATE YOUR NAME AND BUSINESS AFFILIATION.**

9
10 A. My name is James W. Stegeman. I am the President of CostQuest Associates, Inc. I am
11 testifying on behalf of BellSouth Telecommunications (“BellSouth”, “BST” or the
12 “Company”).

13
14 **Q. ARE YOU THE SAME JAMES W. STEGEMAN THAT FILED DIRECT**
15 **TESTIMONY IN THIS PROCEEDING?**

16
17 A. Yes. In my direct testimony I described the BACE model used for evaluations of
18 economic impairment.

19
20 **Q. WHY ARE YOU FILING REBUTTAL TESTIMONY?**

21
22 A. My rebuttal testimony responds generally to AT&T witness Steven Turner, who uses a
23 model that considers certain cost issues, and MCI witness Dr. Mark T. Bryant, who
24 describes “[t]he CLEC’s Deployment Decision” (Bryant direct pages 52-89). In so doing,
25 I make a correction to the distance calculation in the most recent iteration of the BACE

1 (BellSouth Analysis of Competitive Entry) model. I have included Exhibit JWS-6, the
2 revised BellSouth Alabama input scenario "BellSouth_AL_Refiled". The BACE user
3 can install this new BellSouth Alabama input scenario in the current version of BACE.
4 (The scenario is distributed within a self-extracting zip file. Double clicking on the
5 executable (.exe) file will install the scenario into the default BACE directory).

6
7 **Q. ALL PARTIES HAVE DIRECTED THIS COMMISSION TO VARIOUS**
8 **PORTIONS OF THE TRO AND THE RULES IN SUPPORT OF THEIR**
9 **POSITIONS IN THEIR DIRECT TESTIMONY. WHAT IS THE IMPACT OF**
10 **THE D.C. CIRCUIT COURT OF APPEALS ORDER ON THE TRO IN THIS**
11 **PROCEEDING?**

12
13 A. Currently the impact of the DC Circuit Court's opinion is unclear. At the time of filing
14 this testimony, the DC Court had vacated large portions of the rules promulgated as a
15 result of the TRO, but stayed the effective date of the opinion for at least sixty days.
16 Therefore my understanding is that the TRO remains intact for now, but its content, and
17 the rules adopted thereto, must be suspect in light of the court's harsh condemnation of
18 large portions of the order. Accordingly, I will reserve judgment, and the right to
19 supplement my testimony as circumstances dictate, with regard to the ultimate impact of
20 the DC Court's order on this case.

21
22 **Q: DOES BACE PROVIDE A METHODOLOGY THAT ALLOWS THIS**
23 **COMMISSION TO "CONSIDER DETAILED EVIDENCE AT A MORE**
24 **GRANULAR LEVEL" WHEN EVALUATING ECONOMIC IMPAIRMENT?**
25 **(BRYANT DIRECT, P. 9, L. 25) AND (TURNER, DIRECT P. 7, L. 10).**

1
2 A. BACE provides such a methodology.

3
4 **Q: DOES BACE PROVIDE A METHODOLOGY THAT ALLOWS THE USER TO**
5 **MODEL AN EFFICIENT CLEC? (BRYANT DIRECT, P. 60).**

6
7 A. It does.

8
9 **Q: DOES BACE PROVIDE A METHODOLOGY THAT ALLOWS THIS**
10 **COMMISSION TO APPROPRIATELY CONSIDER “CLEC COSTS”? (BRYANT**
11 **DIRECT, SECTION HEADING, P. 57; TURNER DIRECT IN GENERAL).**

12
13 A. Yes, it does.

14
15 **Q: DOES BACE ALLOW THIS COMMISSION TO “ASSESS COST OF ENTRY**
16 **USING A UNE-L STRATEGY”? (BRYANT DIRECT, P. 56).**

17
18 A. Yes.

19
20 **Q. PLEASE DESCRIBE THE CORRECTION MADE TO BACE.**

21
22 A. The mileage values between wire centers and the access tandem are corrected. In
23 calculating the originally filed mileage, a parenthesis was inadvertently omitted. With
24 the correction, the mileage derivation mirrors the NECA 4 Tariff methodology.

1 **Q. IN CONCLUSION, CAN YOU SUMMARIZE YOUR REBUTTAL TESTIMONY?**

2

3 A. Yes. The BACE model provides this Commission with the appropriate tool and
4 framework for performing the granular analysis set forth in the FCC's *Triennial Review*
5 *Order* and should be utilized by this Commission.

6

Revised BellSouth Alabama Input Scenario for BACE Model

PROPRIETARY INFORMATION